

REFERENCE TITLE: charter school meetings; reporting; audits

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1318

Introduced by
Senators Diaz: Alston, Burch, Epstein, Fernandez, Gabaldón, Gonzales,
Hatathlie, Hernandez, Marsh, Mendez, Miranda, Sundareshan, Terán

AN ACT

AMENDING SECTIONS 15-181 AND 15-183, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-183.02; AMENDING SECTIONS 15-184, 15-189.02 AND 15-189.03, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-189.08; AMENDING SECTIONS 15-213 AND 15-914.02, ARIZONA REVISED STATUTES; REPEALING SECTION 41-1279.03, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 25; AMENDING SECTION 41-1279.03, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 3, SECTION 11; AMENDING SECTION 41-1279.04, ARIZONA REVISED STATUTES; RELATING TO CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-181, Arizona Revised Statutes, is amended to
3 read:

4 15-181. Charter schools; purpose; scope; open meetings;
5 public records; posting; exceptions; definition

6 A. Charter schools may be established pursuant to this article to
7 provide a learning environment that will improve pupil achievement.
8 Charter schools provide additional academic choices for parents and
9 pupils. Charter schools may consist of new schools or all or any portion
10 of an existing school. Charter schools are public schools that serve as
11 alternatives to traditional public schools, and charter schools are not
12 subject to the requirements of article XI, section 1, Constitution of
13 Arizona, or title 41, chapter 56.

14 B. Charter schools shall comply with all provisions of this article
15 in order to receive state funding as prescribed in section 15-185.

16 C. EXCEPT AS PROVIDED IN SUBSECTION D OF THIS SECTION, CHARTER
17 SCHOOLS, CHARTER SCHOOL GOVERNING BODIES, CHARTER SCHOOL SPONSORS, CHARTER
18 HOLDERS, CHARTER SCHOOL OPERATORS, CORPORATE BOARDS OF DIRECTORS OF
19 CHARTER SCHOOL OPERATORS AND MANAGEMENT ORGANIZATIONS THAT CONTRACT WITH
20 CHARTER SCHOOLS SHALL COMPLY WITH BOTH OF THE FOLLOWING:

21 1. THE OPEN MEETING REQUIREMENTS PRESCRIBED IN TITLE 38, CHAPTER 3,
22 ARTICLE 3.1. NOTICES OF PUBLIC MEETINGS, AGENDAS AND MINUTES MUST BE
23 PROMINENTLY POSTED ON THE WEBSITE OF THE CHARTER SCHOOL AND THE WEBSITE OF
24 THE STATE BOARD FOR CHARTER SCHOOLS.

25 2. THE PUBLIC RECORDS REQUIREMENTS PRESCRIBED IN TITLE 39,
26 CHAPTER 1. PUBLIC RECORDS MUST BE PROMINENTLY POSTED ON THE WEBSITE OF
27 THE CHARTER SCHOOL AND THE WEBSITE OF THE STATE BOARD FOR CHARTER SCHOOLS.

28 D. CHARTER HOLDER GOVERNING BOARDS, CORPORATE BOARDS OF DIRECTORS
29 OF CHARTER SCHOOL OPERATORS AND MANAGEMENT ORGANIZATIONS MAY MEET IN
30 EXECUTIVE SESSION FOR ANY OF THE FOLLOWING PURPOSES:

31 1. FIRING PERSONNEL, IF TWENTY-FOUR HOURS' WRITTEN NOTICE IS
32 PROVIDED TO THE AFFECTED EMPLOYEE.

33 2. DISCUSSING OR CONSIDERING RECORDS THAT ARE EXEMPT BY LAW FROM
34 PUBLIC INSPECTION.

35 3. DISCUSSING OR RECEIVING LEGAL ADVICE.

36 4. DISCUSSING OR CONSULTING WITH A LAWYER TO CONSIDER PENDING OR
37 CONTEMPLATED LITIGATION, SETTLEMENT DISCUSSIONS OR NEGOTIATED CONTRACTS.

38 5. DISCUSSING AND INSTRUCTING REPRESENTATIVES REGARDING LABOR
39 NEGOTIATIONS.

40 6. DISCUSSING INTERNATIONAL, INTERSTATE AND TRIBAL NEGOTIATIONS.

41 7. DISCUSSING THE PURCHASE, SALE OR LEASE OF REAL PROPERTY.

42 E. FOR THE PURPOSES OF THIS SECTION, "CHARTER HOLDER GOVERNING
43 BOARD" MEANS THE LIMITED LIABILITY COMPANY OR CORPORATION THAT IS
44 REGISTERED WITH THE CORPORATION COMMISSION BY THE CHARTER HOLDER.

1 Sec. 2. Section 15-183, Arizona Revised Statutes, is amended to
2 read:

3 15-183. Charter schools; application; requirements; immunity;
4 exemptions; renewal of application; reprisal; fee;
5 funds; annual reports; definitions

6 A. An applicant seeking to establish a charter school shall apply
7 in writing to a proposed sponsor as prescribed in subsection C of this
8 section. The application, application process and application time frames
9 shall be posted on the sponsor's website and shall include the following,
10 as specified in the application adopted by the sponsor:

- 11 1. A detailed educational plan.
- 12 2. A detailed business plan.
- 13 3. A detailed operational plan.
- 14 4. Any other materials required by the sponsor.

15 B. The sponsor of a charter school may contract with a public body,
16 private person or private organization for the purpose of establishing a
17 charter school pursuant to this article. **BEGINNING JANUARY 1, 2024, THE**
18 **SPONSOR OF A CHARTER SCHOOL MAY NOT CONTRACT WITH A FOR-PROFIT**
19 **ORGANIZATION TO ESTABLISH A CHARTER SCHOOL PURSUANT TO THIS ARTICLE.**

20 C. The sponsor of a charter school may be either the state board of
21 education, the state board for charter schools, a university under the
22 jurisdiction of the Arizona board of regents, a community college district
23 or a group of community college districts, subject to the following
24 requirements:

25 1. An applicant may not apply for sponsorship to any person or
26 entity other than those prescribed in this subsection.

27 2. The applicant may apply to the state board of education or the
28 state board for charter schools. Notwithstanding any other law, neither
29 the state board for charter schools nor the state board of education shall
30 grant a charter to a school district governing board for a new charter
31 school or for the conversion of an existing district public school to a
32 charter school. The state board of education or the state board for
33 charter schools may approve the application if the application meets the
34 requirements of this article and may approve the charter if the proposed
35 sponsor determines, within its sole discretion, that the applicant is
36 sufficiently qualified to operate a charter school and that the applicant
37 is applying to operate as a separate charter holder by considering factors
38 such as whether:

39 (a) The schools have separate governing bodies, governing body
40 membership, staff, facilities and student population.

41 (b) Daily operations are carried out by different administrators.

42 (c) The applicant intends to have an affiliation agreement for the
43 purpose of providing enrollment preferences.

1 (d) The applicant's charter management organization has multiple
2 charter holders serving varied grade configurations on one physical site
3 or nearby sites serving one community.

4 (e) The applicant is reconstituting an existing school site
5 population at the same or new site.

6 (f) The applicant is reconstituting an existing grade configuration
7 from a prior charter holder with at least one grade remaining on the
8 original site with the other grade or grades moving to a new site. The
9 state board of education or the state board for charter schools may
10 approve any charter schools transferring charters. If the state board of
11 education or the state board for charter schools rejects the preliminary
12 application, the state board of education or the state board for charter
13 schools shall notify the applicant in writing of the reasons for the
14 rejection and of suggestions for improving the application. An applicant
15 may submit a revised application for reconsideration by the state board of
16 education or the state board for charter schools. The applicant may
17 request, and the state board of education or the state board for charter
18 schools may provide, technical assistance to improve the application.

19 3. The applicant may submit the application to a university under
20 the jurisdiction of the Arizona board of regents, a community college
21 district or a group of community college districts. A university, a
22 community college district or a group of community college districts shall
23 not grant a charter to a school district governing board for a new charter
24 school or for the conversion of an existing district public school to a
25 charter school. A university, a community college district or a group of
26 community college districts may approve the application if it meets the
27 requirements of this article and if the proposed sponsor determines, in
28 its sole discretion, that the applicant is sufficiently qualified to
29 operate a charter school.

30 4. Each applicant seeking to establish a charter school shall
31 submit a full set of fingerprints to the approving agency for the purpose
32 of obtaining a state and federal criminal records check pursuant to
33 section 41-1750 and Public Law 92-544. If an applicant will have direct
34 contact with students, the applicant shall possess a valid fingerprint
35 clearance card that is issued pursuant to title 41, chapter 12,
36 article 3.1. The department of public safety may exchange this
37 fingerprint data with the federal bureau of investigation. The criminal
38 records check shall be completed before the issuance of a charter.

39 5. All persons engaged in instructional work directly as a
40 classroom, laboratory or other teacher or indirectly as a supervisory
41 teacher, speech therapist or principal and all charter representatives,
42 charter school governing body members and officers, directors, members and
43 partners of the charter holder shall have a valid fingerprint clearance
44 card that is issued pursuant to title 41, chapter 12, article 3.1, unless
45 the person is a volunteer or guest speaker who is accompanied in the

1 classroom by a person with a valid fingerprint clearance card. A charter
2 school shall not employ in any position that requires a valid fingerprint
3 clearance card a person against whom the state board of education has
4 taken disciplinary action as prescribed in section 15-505 or whose
5 certificate has been suspended, surrendered or revoked, unless the
6 person's certificate has been subsequently reinstated by the state board
7 of education. All other personnel shall be fingerprint checked pursuant
8 to section 15-512, or the charter school may require those personnel to
9 obtain a fingerprint clearance card issued pursuant to title 41,
10 chapter 12, article 3.1. Before employment, the charter school shall make
11 documented, good faith efforts to contact previous employers of a person
12 to obtain information and recommendations that may be relevant to the
13 person's fitness for employment as prescribed in section 15-512,
14 subsection F, including checking the educator information system that is
15 maintained by the department of education pursuant to section 15-505. The
16 charter school shall notify the department of public safety if the charter
17 school or sponsor receives credible evidence that a person who possesses a
18 valid fingerprint clearance card is arrested for or is charged with an
19 offense listed in section 41-1758.03, subsection B. A person who is
20 employed at a charter school that has met the requirements of this
21 paragraph is not required to meet any additional requirements that are
22 established by the department of education or that may be established by
23 rule by the state board of education. The state board of education may
24 not adopt rules that exceed the requirements for persons who are qualified
25 to teach in charter schools prescribed in title I of the every student
26 succeeds act (P.L. 114-95) or the individuals with disabilities education
27 improvement act of 2004 (P.L. 108-446). Charter schools may hire
28 personnel who have not yet received a fingerprint clearance card if proof
29 is provided of the submission of an application to the department of
30 public safety for a fingerprint clearance card and if the charter school
31 that is seeking to hire the applicant does all of the following:

32 (a) Documents in the applicant's file the necessity for hiring and
33 placing the applicant before the applicant receives a fingerprint
34 clearance card.

35 (b) Ensures that the department of public safety completes a
36 statewide criminal records check on the applicant. A statewide criminal
37 records check shall be completed by the department of public safety every
38 one hundred twenty days until the date that the fingerprint check is
39 completed or the fingerprint clearance card is issued or denied.

40 (c) Obtains references from the applicant's current employer and
41 the two most recent previous employers except for applicants who have been
42 employed for at least five years by the applicant's most recent employer.

43 (d) Provides general supervision of the applicant until the date
44 that the fingerprint card is obtained.

1 (e) Completes a search of criminal records in all local
2 jurisdictions outside of this state in which the applicant has lived in
3 the previous five years.

4 (f) Verifies the fingerprint status of the applicant with the
5 department of public safety.

6 6. A charter school that complies with the fingerprinting
7 requirements of this section shall be deemed to have complied with section
8 15-512 and is entitled to the same rights and protections provided to
9 school districts by section 15-512.

10 7. If a charter school operator is not already subject to a public
11 meeting or hearing by the municipality in which the charter school is
12 located, the operator of a charter school shall conduct a public meeting
13 at least thirty days before the charter school operator opens a site or
14 sites for the charter school. The charter school operator shall post
15 notices of the public meeting in at least three different locations that
16 are within three hundred feet of the proposed charter school site.

17 8. A person who is employed by a charter school or who is an
18 applicant for employment with a charter school, who is arrested for or
19 charged with a nonappealable offense listed in section 41-1758.03,
20 subsection B and who does not immediately report the arrest or charge to
21 the person's supervisor or potential employer is guilty of unprofessional
22 conduct and the person shall be immediately dismissed from employment with
23 the charter school or immediately excluded from potential employment with
24 the charter school.

25 9. A person who is employed by a charter school and who is
26 convicted of any nonappealable offense listed in section 41-1758.03,
27 subsection B or is convicted of any nonappealable offense that amounts to
28 unprofessional conduct under section 15-550 shall immediately do all of
29 the following:

30 (a) Surrender any certificates issued by the department of
31 education.

32 (b) Notify the person's employer or potential employer of the
33 conviction.

34 (c) Notify the department of public safety of the conviction.

35 (d) Surrender the person's fingerprint clearance card.

36 D. An entity that is authorized to sponsor charter schools pursuant
37 to this article has no legal authority over or responsibility for a
38 charter school sponsored by a different entity. This subsection does not
39 apply to the state board of education's duty to exercise general
40 supervision over the public school system pursuant to section 15-203,
41 subsection A, paragraph 1.

42 E. The charter of a charter school shall do all of the following:

43 1. Ensure compliance with federal, state and local rules,
44 regulations and statutes relating to health, safety, civil rights and
45 insurance. The department of education shall publish a list of relevant

1 rules, regulations and statutes to notify charter schools of their
2 responsibilities under this paragraph.

3 2. Ensure that it is nonsectarian in its programs, admission
4 policies and employment practices and all other operations.

5 3. Ensure that it provides a comprehensive program of instruction
6 for at least a kindergarten program or any grade between grades one and
7 twelve, except that a school may offer this curriculum with an emphasis on
8 a specific learning philosophy or style or certain subject areas such as
9 mathematics, science, fine arts, performance arts or foreign language.

10 4. Ensure that it designs a method to measure pupil progress toward
11 the pupil outcomes adopted by the state board of education pursuant to
12 section 15-741.01, including participation in the statewide assessment and
13 the nationally standardized norm-referenced achievement test as designated
14 by the state board and the completion and distribution of an annual report
15 card as prescribed in chapter 7, article 3 of this title.

16 5. Ensure that, except as provided in this article and in its
17 charter, it is exempt from all statutes and rules relating to schools,
18 governing boards and school districts.

19 6. Ensure that, except as provided in this article, it is subject
20 to the same financial and electronic data submission requirements as a
21 school district, including the uniform system of financial records as
22 prescribed in chapter 2, article 4 of this title, ~~procurement rules as~~
23 ~~prescribed in section 15-213~~ and audit requirements. The auditor general
24 shall conduct a comprehensive review and revision of the uniform system of
25 financial records to ensure that the provisions of the uniform system of
26 financial records that relate to charter schools are in accordance with
27 commonly accepted accounting principles used by private business.
28 ~~A school's charter may include exceptions to the requirements of this~~
29 ~~paragraph that are necessary as determined by the university, the~~
30 ~~community college district, the group of community college districts, the~~
31 ~~state board of education or the state board for charter schools.~~ EACH
32 CHARTER SCHOOL AND CHARTER MANAGEMENT ORGANIZATION THAT ENTERS INTO A
33 MANAGEMENT SERVICES CONTRACT WITH THE CHARTER SCHOOL SHALL ENSURE THAT AN
34 ANNUAL INDEPENDENT AUDIT OF FINANCIAL STATEMENTS IS CONDUCTED AND THAT THE
35 RESULTS OF THAT AUDIT, INCLUDING INDIVIDUAL SALARIES PAID BY THE CHARTER
36 SCHOOL TO THE CHARTER MANAGEMENT ORGANIZATION, AND ANY MANAGEMENT LETTER
37 ISSUED IN CONNECTION WITH THAT AUDIT ARE MADE AVAILABLE TO THE PUBLIC.
38 The department of education or the office of the auditor general ~~may~~ SHALL
39 conduct financial, program or compliance audits.

40 7. Ensure compliance with all federal and state laws relating to
41 the education of children with disabilities in the same manner as a school
42 district.

43 8. ENSURE THAT IT PROVIDES FOR A CHARTER HOLDER GOVERNING BOARD
44 COMPOSED OF AT LEAST THREE MEMBERS. NOT MORE THAN TWO IMMEDIATE FAMILY
45 MEMBERS MAY SERVE SIMULTANEOUSLY ON THE CHARTER HOLDER GOVERNING BOARD,

1 AND IMMEDIATE FAMILY MEMBERS MAY NOT CONSTITUTE A MAJORITY OF THOSE BOARD
2 MEMBERS, EXCEPT THAT:

3 (a) PERSONS RELATED AS IMMEDIATE FAMILY MEMBERS WHO CURRENTLY
4 RESIDE WITHIN THE SAME HOUSEHOLD OR WHO HAVE RESIDED WITHIN THE SAME
5 HOUSEHOLD AT ANY TIME WITHIN THE PREVIOUS FOUR YEARS MAY NOT SERVE
6 SIMULTANEOUSLY ON THE GOVERNING BOARD OF THE SAME CHARTER HOLDER.

7 (b) FOR A CHARTER SCHOOL WITH A STUDENT COUNT OF AT LEAST TWO
8 HUNDRED FIFTY THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN
9 FIVE HUNDRED THOUSAND PERSONS, NOT MORE THAN TWO PERSONS RELATED BY
10 AFFINITY, BY CONSANGUINITY OR BY LAW TO THE THIRD DEGREE MAY SERVE
11 SIMULTANEOUSLY ON THE GOVERNING BOARD OF THE SAME CHARTER HOLDER.

12 ~~8.~~ 9. Ensure that it provides for a governing body for the charter
13 school that is responsible for the OPERATIONAL AND policy decisions of the
14 charter school. THERE SHALL BE AT LEAST THREE GOVERNING BODY MEMBERS.
15 NOT MORE THAN TWO IMMEDIATE FAMILY MEMBERS MAY SERVE SIMULTANEOUSLY ON THE
16 GOVERNING BODY OF THE SAME CHARTER SCHOOL, AND IMMEDIATE FAMILY MEMBERS
17 MAY NOT BE A MAJORITY OF THE GOVERNING BODY MEMBERS OF THE SAME CHARTER
18 SCHOOL. Notwithstanding section 1-216, if there is a vacancy or vacancies
19 on the governing body, a majority of the remaining members of the
20 governing body constitute a quorum for the transaction of business, unless
21 that quorum is prohibited by the charter school's operating agreement.
22 PERSONS RELATED AS IMMEDIATE FAMILY MEMBERS WHO CURRENTLY RESIDE WITHIN
23 THE SAME HOUSEHOLD OR WHO HAVE RESIDED WITHIN THE SAME HOUSEHOLD ANY TIME
24 WITHIN THE PREVIOUS FOUR YEARS MAY NOT SERVE SIMULTANEOUSLY ON THE
25 GOVERNING BOARD OF THE SAME CHARTER SCHOOL, EXCEPT THAT FOR A CHARTER
26 SCHOOL WITH A STUDENT COUNT OF AT LEAST TWO HUNDRED FIFTY THAT IS LOCATED
27 IN A COUNTY WITH A POPULATION OF MORE THAN FIVE HUNDRED THOUSAND PERSONS,
28 NOT MORE THAN TWO PERSONS RELATED BY AFFINITY, BY CONSANGUINITY OR BY LAW
29 TO THE THIRD DEGREE MAY SERVE SIMULTANEOUSLY ON THE GOVERNING BOARD OF THE
30 SAME CHARTER SCHOOL. FOR THE PURPOSES OF THIS PARAGRAPH, "OPERATIONAL"
31 INCLUDES ALL APPLICABLE REQUIREMENTS FOR SUPERVISION THAT ARE PRESCRIBED
32 FOR SCHOOL DISTRICT GOVERNING BOARDS PURSUANT TO SECTION 15-341.

33 ~~9.~~ 10. Ensure that it provides a minimum of one hundred eighty
34 instructional days before June 30 of each fiscal year unless it is
35 operating on an alternative calendar approved by its sponsor. The
36 superintendent of public instruction shall adjust the apportionment
37 schedule accordingly to accommodate a charter school utilizing an
38 alternative calendar.

39 11. ENSURE THAT THE CHARTER SCHOOL GOVERNING BODY AND THE CHARTER
40 HOLDER GOVERNING BOARD COMPLY WITH THE OPEN MEETING REQUIREMENTS
41 PRESCRIBED IN TITLE 38, CHAPTER 3, ARTICLE 3.1.

42 F. A charter school shall keep in the personnel file of each
43 current employee who provides instruction to pupils at the charter school
44 information about the employee's educational and teaching background and
45 experience in a particular academic content subject area. A charter

1 school shall inform parents and guardians of the availability of the
2 information and shall make the information available for inspection on
3 request of parents and guardians of pupils enrolled at the charter school.
4 This subsection does not require any charter school to release personally
5 identifiable information in relation to any teacher or employee, including
6 the teacher's or employee's address, salary, social security number or
7 telephone number.

8 G. The charter of a charter school may be amended at the request of
9 the governing body of the charter school and on the approval of the
10 sponsor.

11 H. Charter schools may contract, sue and be sued.

12 I. The charter is effective for fifteen years from the first day of
13 the fiscal year as specified in the charter, subject to the following:

14 1. At least eighteen months before the charter expires, the sponsor
15 shall notify the charter school that the charter school may apply for
16 renewal and shall make the renewal application available to the charter
17 school. A charter school that elects to apply for renewal shall file a
18 complete renewal application at least fifteen months before the charter
19 expires. A sponsor shall give written notice of its intent not to renew
20 the charter school's request for renewal to the charter school at least
21 twelve months before the expiration of the charter. The sponsor shall
22 make data used in making renewal decisions available to the school and the
23 public and shall provide a public report summarizing the evidence basis
24 for each decision. The sponsor may deny the request for renewal if, in
25 its judgment, the charter holder has failed to do any of the following:

26 (a) Meet or make sufficient progress toward the academic
27 performance expectations set forth in the performance framework.

28 (b) Meet the operational performance expectations set forth in the
29 performance framework or any improvement plans.

30 (c) Meet the financial performance expectations set forth in the
31 performance framework or any improvement plans.

32 (d) Complete the obligations of the contract.

33 (e) Comply with this article or any provision of law from which the
34 charter school is not exempt.

35 2. A charter operator may apply for early renewal. At least nine
36 months before the charter school's intended renewal consideration, the
37 operator of the charter school shall submit a letter of intent to the
38 sponsor to apply for early renewal. The sponsor shall review fiscal
39 audits and academic performance data for the charter school that are
40 annually collected by the sponsor, review the current contract between the
41 sponsor and the charter school and provide the qualifying charter school
42 with a renewal application. On submission of a complete application, the
43 sponsor shall give written notice of its consideration of the renewal
44 application. The sponsor may deny the request for early renewal if, in

1 the sponsor's judgment, the charter holder has failed to do any of the
2 following:

3 (a) Meet or make sufficient progress toward the academic
4 performance expectations set forth in the performance framework.

5 (b) Meet the operational performance expectations set forth in the
6 performance framework or any improvement plans.

7 (c) Meet the financial performance expectations set forth in the
8 performance framework or any improvement plans.

9 (d) Complete the obligations of the contract.

10 (e) Comply with this article or any provision of law from which the
11 charter school is not exempt.

12 3. A sponsor shall review a charter at five-year intervals using a
13 performance framework adopted by the sponsor and may revoke a charter at
14 any time if the charter school breaches one or more provisions of its
15 charter or if the sponsor determines that the charter holder has failed to
16 do any of the following:

17 (a) Meet or make sufficient progress toward the academic
18 performance expectations set forth in the performance framework.

19 (b) Meet the operational performance expectations set forth in the
20 performance framework or any improvement plans.

21 (c) Meet the financial performance expectations set forth in the
22 performance framework or any improvement plans.

23 (d) Comply with this article or any provision of law from which the
24 charter school is not exempt.

25 4. In determining whether to renew or revoke a charter holder, the
26 sponsor must consider making sufficient progress toward the academic
27 performance expectations set forth in the sponsor's performance framework
28 as one of the most important factors.

29 5. Before the sponsor adopts a determination of intent to revoke a
30 charter, the charter holder shall have at least thirty days to address the
31 problems, as necessary or applicable, associated with the reason or
32 reasons for the determination of intent to revoke. The sponsor is not
33 required to provide the charter holder with thirty days to correct the
34 problems associated with the reason or reasons for adopting a
35 determination of intent to revoke if the reason or reasons cannot be
36 remedied, including a failure to submit required financial audits pursuant
37 to subsection E, paragraph 6 of this section and section 15-914, or for a
38 matter of health or safety, or both. Before the sponsor adopts a
39 determination of intent to revoke a charter, the sponsor shall give
40 written notice to the charter holder that includes the reason or reasons
41 for the sponsor's consideration to revoke the charter. Notice may be
42 provided by electronic means or by United States mail and is effective on
43 the date of email or, if sent by United States mail, the earlier of the
44 date of receipt by the charter holder or within five days after the notice

1 is mailed. The determination of whether to proceed to revocation shall be
2 made at a public meeting called for that purpose.

3 J. The charter may be renewed for successive periods of twenty
4 years.

5 K. A charter school that is sponsored by the state board of
6 education, the state board for charter schools, a university, a community
7 college district or a group of community college districts may not be
8 located on the property of a school district unless the district governing
9 board grants this authority.

10 L. A governing board or a school district employee who has control
11 over personnel actions shall not take unlawful reprisal against another
12 employee of the school district because the employee is directly or
13 indirectly involved in an application to establish a charter school. A
14 governing board or a school district employee shall not take unlawful
15 reprisal against an educational program of the school or the school
16 district because an application to establish a charter school proposes to
17 convert all or a portion of the educational program to a charter school.
18 For the purposes of this subsection, "unlawful reprisal" means an action
19 that is taken by a governing board or a school district employee as a
20 direct result of a lawful application to establish a charter school and
21 that is adverse to another employee or an education program and:

22 1. With respect to a school district employee, results in one or
23 more of the following:

- 24 (a) Disciplinary or corrective action.
- 25 (b) Detail, transfer or reassignment.
- 26 (c) Suspension, demotion or dismissal.
- 27 (d) An unfavorable performance evaluation.
- 28 (e) A reduction in pay, benefits or awards.
- 29 (f) Elimination of the employee's position without a reduction in
30 force by reason of lack of monies or work.
- 31 (g) Other significant changes in duties or responsibilities that
32 are inconsistent with the employee's salary or employment classification.

33 2. With respect to an educational program, results in one or more
34 of the following:

- 35 (a) Suspension or termination of the program.
- 36 (b) Transfer or reassignment of the program to a less favorable
37 department.
- 38 (c) Relocation of the program to a less favorable site within the
39 school or school district.
- 40 (d) Significant reduction or termination of funding for the
41 program.

42 M. Charter schools shall secure insurance for liability and
43 property loss. The governing body of a charter school that is sponsored
44 by the state board of education or the state board for charter schools may
45 enter into an intergovernmental agreement or otherwise contract to

1 participate in an insurance program offered by a risk retention pool
2 established pursuant to section 11-952.01 or 41-621.01 or the charter
3 school may secure its own insurance coverage. The pool may charge the
4 requesting charter school reasonable fees for any services it performs in
5 connection with the insurance program.

6 N. Charter schools do not have the authority to acquire property by
7 eminent domain.

8 O. A sponsor, including members, officers and employees of the
9 sponsor, is immune from personal liability for all acts done and actions
10 taken in good faith within the scope of its authority.

11 P. Charter school sponsors and this state are not liable for the
12 debts or financial obligations of a charter school or persons who operate
13 charter schools.

14 Q. The sponsor of a charter school shall establish procedures to
15 conduct administrative hearings on determination by the sponsor that
16 grounds exist to revoke a charter. Procedures for administrative hearings
17 shall be similar to procedures prescribed for adjudicative proceedings in
18 title 41, chapter 6, article 10. Except as provided in section
19 41-1092.08, subsection H, final decisions of the state board of education
20 and the state board for charter schools from hearings conducted pursuant
21 to this subsection are subject to judicial review pursuant to title 12,
22 chapter 7, article 6.

23 R. The sponsoring entity of a charter school shall have oversight
24 and administrative responsibility for the charter schools that it
25 sponsors. In implementing its oversight and administrative
26 responsibilities, the sponsor shall ground its actions in evidence of the
27 charter holder's performance in accordance with the performance framework
28 adopted by the sponsor. The performance framework shall be publicly
29 available, shall be placed on the sponsoring entity's website and shall
30 include:

31 1. The academic performance expectations of the charter school and
32 the measurement of sufficient progress toward the academic performance
33 expectations.

34 2. The operational expectations of the charter school, including
35 adherence to all applicable laws and obligations of the charter contract.

36 3. The financial expectations of the charter school.

37 4. Intervention and improvement policies.

38 S. Charter schools may pledge, assign or encumber their assets to
39 be used as collateral for loans or extensions of credit.

40 ~~F. All property accumulated by a charter school shall remain the~~
41 ~~property of the charter school.~~

42 T. IF A CHARTER SCHOOL CLOSES, ANY ASSET OF THAT CHARTER SCHOOL
43 THAT WAS ACQUIRED IN WHOLE OR IN PART WITH PUBLIC MONIES SHALL BE RETURNED
44 TO THIS STATE. THIS SUBSECTION DOES NOT APPLY IF THE PROCEEDS FROM THE

1 SALE OF A CLOSED CHARTER SCHOOL ARE USED TO FUND THE CAPITAL COSTS FOR A
2 NEW CAMPUS OF THAT CHARTER SCHOOL.

3 U. Charter schools may not locate a school on property that is less
4 than one-fourth mile from agricultural land regulated pursuant to section
5 3-365, except that the owner of the agricultural land may agree to comply
6 with the buffer zone requirements of section 3-365. If the owner agrees
7 in writing to comply with the buffer zone requirements and records the
8 agreement in the office of the county recorder as a restrictive covenant
9 running with the title to the land, the charter school may locate a school
10 within the affected buffer zone. The agreement may include any
11 stipulations regarding the charter school, including conditions for future
12 expansion of the school and changes in the operational status of the
13 school that will result in a breach of the agreement.

14 V. A transfer of a charter to another sponsor, a transfer of a
15 charter school site to another sponsor or a transfer of a charter school
16 site to a different charter shall be completed before the beginning of the
17 fiscal year that the transfer is scheduled to become effective. An entity
18 that sponsors charter schools may accept a transferring school after the
19 beginning of the fiscal year if the transfer is approved by the
20 superintendent of public instruction. The superintendent of public
21 instruction shall have the discretion to consider each transfer during the
22 fiscal year on a case-by-case basis. A charter holder seeking to transfer
23 sponsors shall comply with the current charter terms regarding assignment
24 of the charter. A charter holder transferring sponsors shall notify the
25 current sponsor that the transfer has been approved by the new sponsor.

26 W. Notwithstanding subsection V of this section, a charter holder
27 on an improvement plan must notify parents or guardians of registered
28 students of the intent to transfer the charter and the timing of the
29 proposed transfer. On the approved transfer, the new sponsor shall
30 enforce the improvement plan but may modify the plan based on performance.

31 X. Notwithstanding subsection Y of this section, the state board
32 for charter schools shall charge a processing fee to any charter school
33 that amends its contract to participate in Arizona online instruction
34 pursuant to section 15-808. The charter Arizona online instruction
35 processing fund is established consisting of fees collected and
36 administered by the state board for charter schools. The state board for
37 charter schools shall use monies in the fund only for processing contract
38 amendments for charter schools participating in Arizona online
39 instruction. Monies in the fund are continuously appropriated.

40 Y. The sponsoring entity may not charge any fees to a charter
41 school that it sponsors unless the sponsor has provided services to the
42 charter school and the fees represent the full value of those services
43 provided by the sponsor. On request, the value of the services provided
44 by the sponsor to the charter school shall be demonstrated to the
45 department of education.

1 Z. Charter schools may enter into an intergovernmental agreement
2 with a presiding judge of the juvenile court to implement a law-related
3 education program as defined in section 15-154. The presiding judge of
4 the juvenile court may assign juvenile probation officers to participate
5 in a law-related education program in any charter school in the county.
6 The cost of juvenile probation officers who participate in the program
7 implemented pursuant to this subsection shall be funded by the charter
8 school.

9 AA. The sponsor of a charter school shall modify previously
10 approved curriculum requirements for a charter school that wishes to
11 participate in the board examination system prescribed in chapter 7,
12 article 6 of this title.

13 BB. If a charter school decides not to participate in the board
14 examination system prescribed in chapter 7, article 6 of this title,
15 pupils enrolled at that charter school may earn a Grand Canyon diploma by
16 obtaining a passing score on the same board examinations.

17 CC. Notwithstanding subsection Y of this section, a sponsor of
18 charter schools may charge a new charter application processing fee to any
19 applicant. The application fee shall fully cover the cost of application
20 review and any needed technical assistance. Authorizers may approve
21 policies that allow a portion of the fee to be returned to the applicant
22 whose charter is approved.

23 DD. A charter school may choose to provide a preschool program for
24 children with disabilities pursuant to section 15-771.

25 EE. Pursuant to the prescribed graduation requirements adopted by
26 the state board of education, the governing body of a charter school
27 operating a high school may approve a rigorous computer science course
28 that would fulfill a mathematics course required for graduation from high
29 school. The governing body may approve a rigorous computer science course
30 only if the rigorous computer science course includes significant
31 mathematics content and the governing body determines the high school
32 where the rigorous computer science course is offered has sufficient
33 capacity, infrastructure and qualified staff, including competent teachers
34 of computer science.

35 FF. A charter school may allow the use of school property,
36 including school buildings, grounds, buses and equipment, by any person,
37 group or organization for any lawful purpose, including a recreational,
38 educational, political, economic, artistic, moral, scientific, social,
39 religious or other civic or governmental purpose. The charter school may
40 charge a reasonable fee for the use of the school property.

41 GG. A charter school and its employees, including the governing
42 body, or chief administrative officer, are immune from civil liability
43 with respect to all decisions made and actions taken to allow the use of
44 school property, unless the charter school or its employees are guilty of

1 gross negligence or intentional misconduct. This subsection does not
2 limit any other immunity provisions that are prescribed by law.

3 HH. Sponsors authorized pursuant to this section shall submit an
4 annual report to the auditor general on or before October 1. The report
5 shall include:

6 1. The current number of charters authorized and the number of
7 schools operated by authorized charter holders.

8 2. The academic, operational and financial performance of the
9 sponsor's charter portfolio as measured by the sponsor's adopted
10 performance framework.

11 3. For the prior year, the number of new charters approved, the
12 number of charter schools closed and the reason for the closure.

13 4. The sponsor's application, amendment, renewal and revocation
14 processes, charter contract template and current performance framework as
15 required by this section.

16 II. The auditor general shall prescribe the format for the annual
17 report required by subsection HH of this section and may require that the
18 annual report be submitted electronically. The auditor general shall
19 review the submitted annual reports to ensure that the reports include the
20 required items in subsection HH of this section and shall make the annual
21 reports available on request. If the auditor general finds significant
22 noncompliance or if a sponsor fails to submit the annual report required
23 by subsection HH of this section, on or before December 31 of each year
24 the auditor general shall report to the governor, the president of the
25 senate, the speaker of the house of representatives and the chairs of the
26 senate and house education committees or their successor committees, and
27 the legislature shall consider revoking the sponsor's authority to sponsor
28 charter schools.

29 JJ. THE SPONSOR OF A CHARTER SCHOOL SHALL ANNUALLY COMPILE
30 INFORMATION PERTAINING TO THE GOVERNANCE AND OPERATIONS OF EACH CHARTER
31 SCHOOL IT SPONSORS. A NONPROFIT CHARTER HOLDER THAT IS RESPONSIBLE FOR
32 ANNUALLY FILING A FORM 990 WITH THE INTERNAL REVENUE SERVICE MAY MEET THE
33 RELEVANT DATA REQUIREMENTS PRESCRIBED IN PARAGRAPHS 3 THROUGH 12 OF THIS
34 SUBSECTION BY SUBMITTING THE CHARTER HOLDER'S FORM 990 TO THE SCHOOL'S
35 SPONSOR. A CHARTER SCHOOL SPONSOR SHALL POST TO ITS PUBLIC WEBSITE THE
36 FOLLOWING INFORMATION FOR EACH CHARTER SCHOOL IT SPONSORS:

37 1. THE NAMES OF VOTING MEMBERS OF THE CHARTER SCHOOL GOVERNING
38 BODY.

39 2. THE NUMBER OF INDEPENDENT VOTING MEMBERS OF THE CHARTER SCHOOL
40 GOVERNING BODY. FOR THE PURPOSES OF THIS PARAGRAPH, "INDEPENDENT VOTING
41 MEMBERS" MEANS MEMBERS WHO ARE NOT EMPLOYED BY THE SCHOOL OR WHO DO NOT
42 HAVE IMMEDIATE FAMILY MEMBERS OR BUSINESS RELATIONSHIPS WITH THE CHARTER
43 SCHOOL.

44 3. THE NAMES OF VOTING MEMBERS OF THE CHARTER HOLDER GOVERNING
45 BOARD.

- 1 4. THE NUMBER OF INDEPENDENT VOTING MEMBERS OF THE CHARTER HOLDER
2 GOVERNING BOARD.
- 3 5. THE TOTAL ANNUAL STATE REVENUES RECEIVED.
- 4 6. THE TOTAL ANNUAL REVENUES FROM OTHER SOURCES, INCLUDING GRANTS,
5 DONATIONS AND INVESTMENT INCOME.
- 6 7. THE TOTAL ANNUAL EXPENSES.
- 7 8. THE TOTAL ANNUAL REVENUES MINUS TOTAL ANNUAL EXPENSES.
- 8 9. THE TOTAL ASSETS AND LIABILITIES.
- 9 10. THE AUTHORIZATION OF ANY RELATED PARTY TRANSACTION AND THE
10 INDIVIDUALS OR ENTITIES THAT ARE PARTY TO THE TRANSACTION, SERVICES OR
11 GOODS PROVIDED AND THE TOTAL TRANSACTION COST.
- 12 11. WHETHER THE CHARTER SCHOOL OR CHARTER HOLDER SOLD, EXCHANGED,
13 DISPOSED OF OR TRANSFERRED MORE THAN TWENTY-FIVE PERCENT OF THE CHARTER
14 SCHOOL'S ASSETS IN THE PREVIOUS FISCAL YEAR.
- 15 12. THE CONFIRMATION OF AN ADOPTED CONFLICT OF INTEREST POLICY AND
16 A COPY OF THE ADOPTED POLICY.
- 17 13. IF THE CHARTER SCHOOL OR CHARTER HOLDER CONTRACTS WITH A
18 CHARTER MANAGEMENT ORGANIZATION, A WRITTEN STATEMENT THAT DOES ALL OF THE
19 FOLLOWING:
 - 20 (a) IDENTIFIES THE CHARTER MANAGEMENT ORGANIZATION AND THE NAME OF
21 THE PERSON OR ENTITY THAT HAS OWNERSHIP OF THE CHARTER MANAGEMENT
22 ORGANIZATION.
 - 23 (b) DESCRIBES THE SERVICES PROVIDED TO THE CHARTER SCHOOL OR
24 CHARTER HOLDER.
 - 25 (c) PROVIDES THE AMOUNT THE CHARTER SCHOOL OR CHARTER HOLDER SPENDS
26 FOR THE CHARTER MANAGEMENT ORGANIZATION'S SERVICES.
 - 27 (d) INCLUDES AN ITEMIZED LIST OF SERVICES THE CHARTER MANAGEMENT
28 ORGANIZATION OFFERS TO THE CHARTER SCHOOL OR CHARTER HOLDER, INCLUDING THE
29 COST FOR EACH SERVICE.
- 30 14. SPENDING DATA THAT THE CHARTER SCHOOL SPONSOR COMPILES FROM
31 ANNUAL FINANCIAL REPORTS FOR EACH CHARTER HOLDER IN EACH OF THE FOLLOWING
32 CATEGORIES:
 - 33 (a) TEACHER SALARIES.
 - 34 (b) CLASSROOM INSTRUCTION.
 - 35 (c) STUDENT SUPPORT SERVICES.
 - 36 (d) OTHER SUPPORT SERVICES AND OPERATIONS.
 - 37 (e) SPECIAL EDUCATION.
 - 38 (f) ADMINISTRATION.
 - 39 (g) FEDERAL PROJECTS.
 - 40 (h) FACILITIES EXPENSES.
- 41 KK. IF A CHARTER SCHOOL CONTRACTS WITH A CHARTER MANAGEMENT
42 ORGANIZATION, NOT MORE THAN TEN PERCENT OF THE CHARTER SCHOOL'S TOTAL
43 EXPENDITURES MAY BE SPENT ON ADMINISTRATIVE EXPENSES.

1 LL. THE WEBSITE OF EACH CHARTER SCHOOL SHALL INCLUDE A LINK TO THE
2 INFORMATION REQUIRED TO BE POSTED ON THE CHARTER SCHOOL SPONSOR'S WEBSITE
3 PURSUANT TO SUBSECTION JJ OF THIS SECTION.

4 MM. FOR THE PURPOSES OF THIS SECTION:

5 1. "CHARTER MANAGEMENT ORGANIZATION":

6 (a) MEANS AN ORGANIZATION THAT CONTRACTS WITH A CHARTER SCHOOL OR
7 CHARTER HOLDER TO PROVIDE ACADEMIC SERVICES AND ADMINISTRATIVE SERVICES TO
8 ONE OR MORE CHARTER SCHOOLS.

9 (b) INCLUDES AN ORGANIZATION COMMONLY REFERRED TO AS AN EDUCATIONAL
10 MANAGEMENT ORGANIZATION OR AN EDUCATIONAL SERVICE PROVIDER.

11 2. "IMMEDIATE FAMILY" HAS THE SAME MEANING PRESCRIBED IN SECTION
12 15-421.

13 Sec. 3. Title 15, chapter 1, article 8, Arizona Revised Statutes,
14 is amended by adding section 15-183.02, to read:

15 15-183.02. Procurement policies; enforcement

16 A. ON OR BEFORE JULY 1, 2024, EACH CHARTER SCHOOL IN THIS STATE
17 SHALL COMPLY WITH THE PROCUREMENT POLICIES PRESCRIBED IN SECTION 15-213.
18 EACH CHARTER SCHOOL IN THIS STATE SHALL ALSO ADOPT PROCUREMENT POLICIES
19 THAT INCLUDE ALL OF THE FOLLOWING:

20 1. A PROHIBITION ON PURCHASING ANY GOOD OR SERVICE FROM ANY OF THE
21 FOLLOWING PERSONS, UNLESS A MAJORITY OF THE DISINTERESTED MEMBERS OF THE
22 CHARTER SCHOOL GOVERNING BODY AUTHORIZE THE PURCHASE AFTER FULLY
23 DISCLOSING THE SUBSTANTIAL INTEREST AND INCLUDE THIS INFORMATION AND A
24 DESCRIPTION OF THE JUSTIFICATION FOR WHY THE PURCHASE IS IN THE BEST
25 INTEREST OF THE SCHOOL IN THE MINUTES OF THE MEETING AT WHICH THE
26 GOVERNING BODY APPROVES THE PURCHASE:

27 (a) ANY MEMBER OF THE CHARTER HOLDER GOVERNING BOARD OR CHARTER
28 SCHOOL GOVERNING BODY.

29 (b) AN IMMEDIATE FAMILY MEMBER OF ANY MEMBER OF THE CHARTER HOLDER
30 GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY.

31 (c) ANY OTHER ENTITY IN WHICH ANY MEMBER OF THE CHARTER HOLDER
32 GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY OR AN IMMEDIATE FAMILY
33 MEMBER OF A MEMBER OF THE CHARTER HOLDER GOVERNING BOARD OR CHARTER SCHOOL
34 GOVERNING BODY MAY HAVE A SUBSTANTIAL INTEREST IN THE PROCUREMENT.

35 2. A REQUIREMENT THAT, FOR ANY PURCHASE MADE ON BEHALF OF THE
36 CHARTER SCHOOL BY THE CHARTER SCHOOL OR CHARTER HOLDER THAT THE CHARTER
37 SCHOOL OR CHARTER HOLDER REASONABLY ANTICIPATES WILL EXCEED \$50,000, THE
38 CHARTER SCHOOL MAINTAIN RECORDS DEMONSTRATING THAT THE PURCHASE IS IN THE
39 BEST INTEREST OF THE CHARTER SCHOOL WHEN CONSIDERING THE TOTALITY OF THE
40 CIRCUMSTANCES. A CHARTER SCHOOL MAY DEMONSTRATE THAT THE PURCHASE IS IN
41 THE BEST INTEREST OF THE CHARTER SCHOOL THROUGH RESEARCH OF LIKE PRODUCTS
42 OR SERVICES OR BY RECEIVING MULTIPLE QUOTES. A CHARTER SCHOOL SHALL
43 MAINTAIN RECORDS OF THE PURCHASE FOR REVIEW DURING THE CHARTER SCHOOL'S
44 ANNUAL AUDIT. A PROJECT OR PURCHASE MAY NOT BE DIVIDED OR SEQUENCED INTO

1 SEPARATE PROJECTS OR PURCHASES TO INTENTIONALLY AVOID THE LIMITS
2 PRESCRIBED IN THIS PARAGRAPH.

3 3. A REQUIREMENT THAT ANY PURCHASE MADE ON BEHALF OF THE CHARTER
4 SCHOOL BY THE CHARTER SCHOOL OR CHARTER HOLDER THAT EXCEEDS \$50,000 IS
5 SUBJECT TO PUBLIC BIDDING REQUIREMENTS UNLESS THE PURCHASE IS EXEMPT FROM
6 PUBLIC BIDDING REQUIREMENTS PURSUANT TO SECTION 15-189.02.

7 4. A REQUIREMENT THAT A COMPLIANCE REVIEW OF A CHARTER SCHOOL'S OR
8 CHARTER HOLDER'S PROCUREMENT POLICIES AND ACTIVITIES BE INCLUDED IN THE
9 CHARTER SCHOOL'S ANNUAL AUDIT.

10 B. FEDERAL PROCUREMENT REQUIREMENTS APPLY TO A CHARTER SCHOOL'S
11 RECEIPT OF CERTAIN FEDERAL MONIES.

12 C. A CHARTER SCHOOL EMPLOYEE WHO HAS CONTROL OVER PERSONNEL ACTIONS
13 MAY NOT TAKE REPRISAL AGAINST A CHARTER SCHOOL EMPLOYEE FOR THAT
14 EMPLOYEE'S DISCLOSURE OF INFORMATION RELATING TO A VIOLATION OF THIS
15 SECTION.

16 D. IF THE SPONSOR OF A CHARTER SCHOOL DETERMINES THAT A VIOLATION
17 OF THIS SECTION IS OR LIKELY MAY BE OCCURRING, THE SPONSOR MAY REQUEST
18 THAT THE ATTORNEY GENERAL ENFORCE THIS SECTION AFTER PROVIDING THE CHARTER
19 SCHOOL WITH A REASONABLE OPPORTUNITY TO RESPOND TO ANY ALLEGATIONS RAISED
20 AND TO DISCONTINUE AND CORRECT ANY IMPROPER ACTIONS. THE ATTORNEY GENERAL
21 MAY SEEK RELIEF FOR ANY VIOLATION OF THIS SECTION THROUGH AN APPROPRIATE
22 CRIMINAL OR CIVIL ACTION IN SUPERIOR COURT. THE ATTORNEY GENERAL MAY USE
23 THE AUDIT AUTHORITY OF THE AUDITOR GENERAL PURSUANT TO 15-183, SUBSECTION
24 E, PARAGRAPH 6 TO ENFORCE THIS SECTION.

25 Sec. 4. Section 15-184, Arizona Revised Statutes, is amended to
26 read:

27 15-184. Charter schools; admissions requirements; parental
28 classroom visits

29 A. A charter school shall enroll all eligible pupils who submit a
30 timely application, unless the number of applications exceeds the capacity
31 of a program, class, grade level or building.

32 B. A charter school shall give enrollment preference to pupils who
33 are returning to the charter school in the second or any subsequent year
34 of its operation and to siblings of pupils who are already enrolled in the
35 charter school.

36 C. A charter school may give enrollment preference to children who
37 are in foster care or meet the definition of unaccompanied youth
38 prescribed in the McKinney-Vento homeless assistance act (42 United States
39 Code section 11434a).

40 D. A charter school may give enrollment preference to and reserve
41 capacity for pupils who either:

42 1. Are children, grandchildren or legal wards of any of the
43 following:

44 (a) Employees of the school.

- 1 (b) Employees of the charter holder.
- 2 (c) Members of the governing body of the school.
- 3 (d) Directors, officers, partners or board members of the charter
- 4 holder.

5 2. Attended another charter school or are the siblings of that
6 pupil if the charter school previously attended by the pupil has the
7 identical charter holder, board and governing board membership as the
8 enrolling charter school or is managed by the same educational management
9 organization, charter management organization or educational service
10 provider as determined by the charter authorizer.

11 E. If remaining capacity is insufficient to enroll all pupils who
12 submit a timely application, the charter school shall select pupils
13 through an equitable selection process such as a lottery except that
14 preference shall be given to siblings of a pupil who is selected through
15 an equitable selection process such as a lottery.

16 F. Except as provided in subsections A through D of this section, a
17 charter school shall not limit admission based on ethnicity, national
18 origin, gender, income level, disabling condition, proficiency in the
19 English language or athletic ability.

20 G. A CHARTER SCHOOL SHALL NOT LIMIT ADMISSION BASED ON THE ABILITY
21 OF A PUPIL OR THE PUPIL'S PARENT OR GUARDIAN TO PROVIDE A FINANCIAL
22 CONTRIBUTION TO THE CHARTER SCHOOL OR BASED ON ANY AGREEMENT TO VOLUNTEER
23 AT OR FOR THE CHARTER SCHOOL.

24 ~~H.~~ H. A charter school may limit admission to pupils within a
25 given age group or grade level.

26 ~~I.~~ I. A charter school may provide instruction to pupils of a
27 single gender with the approval of the sponsor of the charter school. An
28 existing charter school may amend its charter to provide instruction to
29 pupils of a single gender and, if approved by the sponsor of the charter
30 school, may provide instruction to pupils of a single gender at the
31 beginning of the next school year.

32 ~~J.~~ J. A charter school may refuse to admit any pupil who has been
33 expelled from another educational institution or who is in the process of
34 being expelled from another educational institution.

35 ~~K.~~ K. A charter school governing body must develop and adopt in a
36 public meeting policies to allow for visits, tours and observations of all
37 classrooms by parents of enrolled pupils and parents who wish to enroll
38 their children in the charter school unless a visit, tour or observation
39 threatens the health and safety of pupils and staff. These policies and
40 procedures must be easily accessible from the home page on each school's
41 website.

1 Sec. 7. Title 15, chapter 1, article 8, Arizona Revised Statutes,
2 is amended by adding section 15-189.08, to read:

3 15-189.08. Charter school audits; requirements

4 AN AUDIT OF A CHARTER SCHOOL THAT IS CONDUCTED PURSUANT TO THIS
5 TITLE MUST:

6 1. FOLLOW A STANDARD FORMAT THAT REQUIRES DETAILED AND SUPPORTING
7 INFORMATION ON ASSETS AND LIABILITIES, REVENUES AND EXPENDITURES AND
8 RELATED PARTY EXPENSES.

9 2. BE CONDUCTED BY AN AUDITOR WHO MEETS ALL OF THE FOLLOWING:

10 (a) IS LOCATED IN THIS STATE.

11 (b) HAS DEMONSTRATED EXPERTISE IN THE LAWS OF THIS STATE.

12 (c) IS ON A LIST OF ACCEPTABLE AUDITORS ESTABLISHED AND MAINTAINED
13 BY THE STATE BOARD FOR CHARTER SCHOOLS THAT USES DATA EXTRACTED FROM
14 AUDITS TO DETERMINE WHICH AUDITORS ARE CURRENTLY PROVIDING ACCEPTABLE
15 LEVELS OF INFORMATION. THE STATE BOARD FOR CHARTER SCHOOLS SHALL UPDATE
16 THIS LIST ANNUALLY.

17 3. BE COMPLETED INDIVIDUALLY FOR EACH CHARTER ENTITY. A
18 CONSOLIDATED AUDIT MAY BE PREPARED COLLATING DATA REQUIRED PURSUANT TO
19 THIS PARAGRAPH.

20 4. BE COMPLETED INDIVIDUALLY FOR EACH CHARTER SCHOOL SEPARATE FROM
21 ANY LARGER ENTITY THAT INCLUDES THAT CHARTER SCHOOL. A CONSOLIDATED AUDIT
22 MAY BE PREPARED COLLATING DATA REQUIRED PURSUANT TO THIS PARAGRAPH.

23 5. INCLUDE AUDIT REPORTS THAT ARE NUMERICALLY IDENTICAL TO WHAT IS
24 PROVIDED IN INTERNAL REVENUE SERVICE FORM 990 AND ASSOCIATED ANNUAL
25 FINANCIAL REPORTS. THE AUDIT MUST EXPLAIN ANY INCONSISTENCY AND INCLUDE
26 SPECIFIC PLANS ON HOW THE SUBJECT OF THE AUDIT INTENDS TO REMEDY THE
27 INCONSISTENCY IN THE FUTURE.

28 Sec. 8. Section 15-213, Arizona Revised Statutes, is amended to
29 read:

30 15-213. Procurement practices of school districts;
31 violations; classification; definitions

32 A. The state board of education shall adopt rules prescribing
33 procurement practices for all school districts in this state as follows:

34 1. The state board shall submit to the auditor general proposed
35 rules consistent with the procurement practices prescribed in title 41,
36 chapter 23, modifying the provisions for public notice of invitation for
37 bids, requests for proposals and requests for qualifications to allow a
38 governing board to give public notice of the invitation for bids, requests
39 for proposals and requests for qualifications by publication in the
40 official newspaper of the county as prescribed in section 11-255,
41 modifying the provisions relating to disposal of materials to comply with
42 section 15-342, paragraph 18, providing for governing board delegation of
43 procurement authority and modifying as necessary other provisions that the
44 state board determines are not appropriate for school districts. The
45 rules shall include provisions specifying that school districts are not

1 required to engage in competitive bidding in order to make the decision to
2 participate in programs pursuant to section 15-382 and that a program
3 authorized by section 15-382 is not required to engage in competitive
4 bidding for the services necessary to administer the program or for
5 purchase of insurance or reinsurance. The rules shall include provisions
6 specifying that school districts are not required to engage in competitive
7 bidding in order to place a pupil in a private school that provides
8 special education services if such a placement is prescribed in the
9 pupil's individualized education program and the private school has been
10 approved by the department of education division of special education
11 pursuant to section 15-765, subsection D. This placement is not subject
12 to rules adopted by the state board of education before November 24, 2009
13 pursuant to this section. The rules for procurement of construction
14 projects shall include provisions specifying that surety bonds furnished
15 as bid security and performance and payment bonds shall be executed and
16 furnished as required by title 34, chapter 2 or 6, as applicable. The
17 rules shall specify the total cost of a procurement that is subject to
18 invitations for bids, requests for proposals and requests for
19 clarification, using the aggregate dollar amount limits for procurements
20 prescribed in section 41-2535. The rules must follow the prompt payment
21 requirements prescribed in sections 41-2576 and 41-2577 except for
22 external funding that has not yet been received.

23 2. The state board of education shall adopt rules for procurements
24 involving construction not exceeding \$150,000, which shall be known as the
25 simplified school construction procurement program. At a minimum, the
26 rules for a simplified construction procurement program shall require
27 that:

28 (a) Each county school superintendent maintain a list of persons
29 who desire to receive solicitations to bid on construction projects to
30 which additions shall be allowed throughout the year.

31 (b) The list of persons be available for public inspection.

32 (c) A performance bond and a payment bond as required by this
33 section be provided for contracts for construction by contractors.

34 (d) All bids for construction be opened at a public opening and the
35 bids shall remain confidential until the public opening.

36 (e) All persons desiring to submit bids be treated equitably and
37 the information related to each project be available to all eligible
38 persons.

39 (f) Competition for construction projects under the simplified
40 school construction procurement program be encouraged to the maximum
41 extent possible. At a minimum, a school district shall submit information
42 on each project to all persons listed with the county school
43 superintendent by any school district within that county.

44 (g) A provision, covenant, clause or understanding in, collateral
45 to or affecting a construction contract that makes the contract subject to

1 the laws of another state or that requires any litigation, arbitration or
2 other dispute resolution proceeding arising from the contract to be
3 conducted in another state is against this state's public policy and is
4 void and unenforceable.

5 3. The state board of education shall adopt rules for the
6 procurement of goods and information services by school districts ~~and~~
7 ~~charter schools~~ using electronic, online bidding. The rules adopted by
8 the state board shall include the use of reverse auctions and shall be
9 consistent with the procurement practices prescribed in title 41, chapter
10 23, article 13, modifying as necessary those provisions and the rules
11 adopted pursuant to that article that the state board determines are not
12 appropriate for school districts ~~and charter schools~~. Until the rules are
13 adopted, school districts ~~and charter schools~~ may procure goods and
14 information services pursuant to title 41, chapter 23, article 13 using
15 the rules adopted by the department of administration in implementing that
16 article.

17 4. The state board shall adopt rules for the procurement by school
18 districts of any materials, services, goods, construction or construction
19 services that ensure maximum practicable competition as prescribed in
20 section 41-2565 and shall require that a person:

21 (a) That contracts for or purchases any materials, services, goods,
22 construction or construction services in a manner contrary to the rules
23 adopted by the state board pursuant to this section is personally liable
24 for the recovery of all public monies paid plus twenty percent of that
25 amount and legal interest from the date of payment and all costs and
26 damages arising out of the violation as prescribed in section 41-2616.

27 (b) That intentionally or knowingly contracts for or purchases any
28 materials, services, goods, construction or construction services pursuant
29 to a scheme or artifice to avoid the rules adopted by the state board
30 pursuant to this section is guilty of a class 4 felony as prescribed in
31 section 41-2616.

32 (c) That prepares procurement specifications may not receive any
33 direct or indirect benefit from using those specifications.

34 (d) That serves on a selection committee for a procurement may not
35 be a contractor or subcontractor under a contract awarded under the
36 procurement or provide any specified professional services, construction,
37 construction services, materials or other services under the contract. A
38 person that serves on a selection committee for a procurement and that
39 fails to disclose contact with a representative of a competing vendor or
40 fails to provide required accurate information is subject to a civil
41 penalty as prescribed in section 41-2616.

42 5. The state board shall adopt rules requiring school districts to
43 obtain and maintain a record of proof that a construction or construction
44 services provider that has been awarded a contract with the school

1 district, or school purchasing cooperative, has a valid license to
2 practice in this state.

3 6. The auditor general shall review the proposed rules to determine
4 whether the rules are consistent with the procurement practices prescribed
5 in title 41, chapter 23 and any modifications are required to adapt the
6 procedures for school districts.

7 7. If the auditor general approves the proposed rules, the auditor
8 general shall notify the state board in writing and the state board shall
9 adopt such rules.

10 8. If the auditor general objects to the proposed rules, the
11 auditor general shall notify the state board of the objections in writing
12 and the state board, in adopting the rules, shall conform the proposed
13 rules to meet the objections of the auditor general or revise the proposed
14 rules to which an objection has been made and submit the revisions to the
15 auditor general for approval.

16 B. After the bids submitted in response to an invitation for bids
17 are opened and the award is made or after the proposals or qualifications
18 are submitted in response to a request for proposals or a request for
19 qualifications and the award is made, the governing board shall make
20 available for public inspection all information, all bids, proposals and
21 qualifications submitted and all findings and other information considered
22 in determining whose bid conforms to the invitation for bids and will be
23 the most advantageous with respect to price, conformity to the
24 specifications and other factors or whose proposal or qualifications are
25 to be selected for the award, including the rationale for awarding a
26 contract for any specified professional services, construction,
27 construction services or materials to an entity selected from a qualified
28 select bidders list or through a school purchasing cooperative. The
29 invitation for bids, request for proposals or request for qualifications
30 shall include a notice that all information and bids, proposals and
31 qualifications submitted will be made available for public inspection.
32 The rules adopted by the state board shall prohibit the use in connection
33 with procurement of specifications in any way proprietary to one supplier
34 unless the specification includes all of the following:

35 1. A statement of the reasons no other specification is
36 practicable.

37 2. A description of the essential characteristics of the specified
38 product.

39 3. A statement specifically allowing an acceptable alternative
40 product to be supplied.

41 C. A project or purchase may not be divided or sequenced into
42 separate projects or purchases in order to avoid the limits prescribed by
43 the state board under subsection A of this section.

44 D. A contract for the procurement of construction or construction
45 services shall include a provision that provides for negotiations between

1 the school district and the contractor for the recovery of damages related
2 to expenses incurred by the contractor for a delay for which the school
3 district is responsible, that is unreasonable under the circumstances and
4 that was not within the contemplation of the parties to the contract.
5 This subsection does not void any provision in the contract that requires
6 notice of delays, provides for arbitration or any other procedure for
7 settlement or provides for liquidated damages.

8 E. The auditor general may conduct discretionary reviews,
9 investigations and audits of the financial and operational procurement
10 activities of school districts, ~~nonexempt charter schools~~ and school
11 purchasing cooperatives. The auditor general has final review and
12 approval authority over all school district, ~~nonexempt charter school~~ and
13 school purchasing cooperative audit contracts and any audit reports issued
14 in accordance with this section. If the attorney general has reasonable
15 cause to believe an employee of a school district or school purchasing
16 cooperative, or an employee of an entity that has been awarded a contract
17 by a school district or school purchasing cooperative, has engaged in, is
18 engaging in or is about to engage in any practice or transaction that
19 violates the rules adopted by the state board of education pursuant to
20 this section, the attorney general may:

21 1. Require that person to file on forms prescribed by the attorney
22 general a statement or report in writing and under oath as to all the
23 facts and circumstances concerning a violation of the rules adopted by the
24 state board pursuant to this section by that person and any other data and
25 information deemed necessary by the attorney general.

26 2. Examine under oath any person in connection with a violation of
27 the rules adopted by the state board pursuant to this section.

28 F. In addition to the requirements of sections 15-914 and
29 15-914.01, school districts, ~~nonexempt charter schools~~ and school
30 purchasing cooperatives, in connection with any audit conducted by a
31 certified public accountant, shall contract for a systematic review of
32 purchasing practices using methodology consistent with sampling guidelines
33 established by the auditor general. The auditor general shall consider
34 cost when establishing guidelines pursuant to this subsection and to the
35 extent possible shall attempt to minimize the cost of the review. The
36 purpose of the review is to determine whether the school district,
37 ~~nonexempt charter school~~ or school purchasing cooperative is in compliance
38 with the procurement laws and applicable procurement rules of this state.
39 A copy of the review shall be submitted on completion to the auditor
40 general. The auditor general may conduct discretionary reviews of school
41 districts, ~~nonexempt charter schools~~ and school purchasing cooperatives
42 that are not required to contract for independent audits. **A CHARTER
43 SCHOOL AUDIT MUST IDENTIFY THE SOURCE OF ANY PROFIT DISTRIBUTION THAT
44 EXCEEDS NET PROFITS FOR THAT YEAR.**

1 G. A school district school employee who has control over personnel
2 actions may not take reprisal against a school district school employee
3 for that employee's disclosure of information that is a matter of public
4 concern, including a violation of this section, to a public body pursuant
5 to title 38, chapter 3, article 9.

6 H. The attorney general or county attorney has jurisdiction to
7 enforce this section. The attorney general or county attorney may seek
8 relief for any violation of this section through an appropriate civil or
9 criminal action in superior court, including an action to enjoin a
10 threatened or pending violation of this section and including an action to
11 enforce compliance with any request for documents made by the auditor
12 general pursuant to this section.

13 I. The department of education shall enact policies and procedures
14 for the acceptance and disposition of complaints from the public regarding
15 school procurement practices and shall forward all school procurement
16 complaints to the attorney general. Notwithstanding rules adopted by the
17 state board, school districts shall not be required to prepare or submit
18 an annual report on the benefits associated with the use of
19 construction-manager-at-risk, design-build, qualified select bidders list
20 and job-order-contracting methods.

21 J. The state board of education shall adopt, and the auditor
22 general shall review, rules authorizing school districts to procure
23 construction services by construction-manager-at-risk, design-build,
24 qualified select bidders list and job-order-contracting methods of project
25 delivery. The rules shall not require school districts to obtain bid
26 security for the construction-manager-at-risk method of project delivery.

27 K. A school district ~~or charter school~~ may evaluate United States
28 general services administration contracts for materials and services. The
29 governing board ~~or governing body~~ may authorize purchases under a current
30 contract for materials or services without complying with the requirements
31 of the procurement rules adopted by the state board of education if the
32 governing board ~~or governing body~~ determines in writing that all of the
33 following apply:

34 1. The price for materials or services is equal to or less than the
35 contractor's current federal supply contract price with the general
36 services administration.

37 2. The contractor has indicated in writing that the contractor is
38 willing to extend the current federal supply contract pricing, terms and
39 conditions to the school district ~~or charter school~~.

40 3. The purchase order adequately identifies the federal supply
41 contract on which the order is based.

42 4. The purchase contract is cost effective and is in the best
43 interests of the school district ~~or charter school~~.

44 L. Unless otherwise provided by law, multiterm contracts for
45 materials or services and contracts for job-order-contracting construction

1 services may be entered into if the duration of the contract and the
2 conditions of renewal or extension, if any, are included in the invitation
3 for bids or the request for proposals and if monies are available for the
4 first fiscal period at the time the contract is executed. The duration of
5 contracts for materials or services and contracts for
6 job-order-contracting construction services are limited to not more than
7 five years unless the governing board determines in writing before the
8 procurement solicitation is issued that a contract of longer duration
9 would be advantageous to the school district. Payment and performance
10 obligations for succeeding fiscal periods are subject to the availability
11 and appropriation of monies.

12 M. Notwithstanding the rules adopted by the state board of
13 education, the maximum dollar amount of an individual job order for
14 job-order-contracting construction services is \$1,000,000 or a higher or
15 lower amount prescribed by the governing board in a policy adopted in a
16 public meeting held pursuant to title 38, chapter 3, article 3.1.
17 Requirements shall not be artificially divided or fragmented in order to
18 constitute a job order that satisfies the requirements of this subsection.

19 N. A person who supervises or participates in contracts, purchases,
20 payments, claims or other financial transactions, or a person who
21 supervises or participates in the planning, recommending, selecting or
22 contracting for materials, services, goods, construction, or construction
23 services of a school district or school purchasing cooperative is guilty
24 of a class 6 felony if the person solicits, accepts or agrees to accept
25 any personal gift or benefit with a value of \$300 or more from a person or
26 vendor that has secured or has taken steps to secure a contract, purchase,
27 payment, claim or financial transaction with the school district or school
28 purchasing cooperative. Soliciting, accepting or agreeing to accept any
29 personal gift or benefit with a value of less than \$300 is a class 1
30 misdemeanor. A gift or benefit does not include an item of nominal value
31 such as a greeting card, t-shirt, mug or pen.

32 O. Any person or vendor that has secured or has taken steps to
33 secure a contract, purchase, payment, claim or financial transaction with
34 a school district or school purchasing cooperative that offers, confers or
35 agrees to confer any personal gift or benefit with a value of \$300 or more
36 on a person who supervises or participates in contracts, purchases,
37 payments, claims or other financial transactions, or on a person who
38 supervises or participates in planning, recommending, selecting or
39 contracting for materials, services, goods, construction or construction
40 services of a school district or school purchasing cooperative, is guilty
41 of a class 6 felony. Offering, conferring or agreeing to confer any
42 personal gift or benefit with a value of less than \$300 is a class 1
43 misdemeanor. A gift or benefit does not include an item of nominal value
44 such as a greeting card, t-shirt, mug or pen.

1 P. Any person or vendor convicted under subsection O of this
2 section may be suspended for up to six months or barred for up to three
3 years by the director of the department of administration from doing
4 business with school districts and school purchasing cooperatives. The
5 director of the department of administration shall adopt rules, including
6 administrative procedures, to suspend or bar any person from consideration
7 for award of contracts pursuant to this section.

8 Q. For the purposes of this section:

9 1. "Gift or benefit" means a payment, distribution, expenditure,
10 advance, deposit or donation of monies, any intangible personal property
11 or any kind of tangible personal or real property. Gift or benefit does
12 not include either:

13 (a) Food or beverage.

14 (b) Expenses or sponsorships relating to a special event or
15 function to which individuals listed in subsection N of this section are
16 invited.

17 ~~2. "Nonexempt charter school" means a charter school that is not~~
18 ~~exempted from procurement laws pursuant to section 15-183, subsection E,~~
19 ~~paragraph 6.~~

20 ~~3.~~ 2. "School purchasing cooperative" means an entity that is
21 engaged in cooperative purchasing as defined in section 41-2631.

22 ~~4.~~ 3. "Total cost" means the cost of all materials and services,
23 including the cost of labor performed by employees of the school district,
24 for all construction as provided in subsection A of this section.

25 Sec. 9. Section 15-914.02, Arizona Revised Statutes, is amended to
26 read:

27 15-914.02. School districts; charter schools; audit

28 A school district **OR CHARTER SCHOOL** that is subject to audit
29 pursuant to section 41-1279.03 shall comply with the reporting, follow-up
30 and hearing participation requirements of that section.

31 Sec. 10. Repeal

32 Section 41-1279.03, Arizona Revised Statutes, as amended by Laws
33 2021, chapter 405, section 25, is repealed.

34 Sec. 11. Section 41-1279.03, Arizona Revised Statutes, as amended
35 by Laws 2019, chapter 3, section 11, is amended to read:

36 41-1279.03. Powers and duties

37 A. The auditor general shall:

38 1. Prepare an audit plan for approval by the committee and report
39 to the committee the results of each audit and investigation and other
40 reviews conducted by the auditor general.

41 2. Conduct or cause to be conducted at least biennial financial and
42 compliance audits of financial transactions and accounts kept by or for
43 all state agencies subject to the single audit act of 1984 (P.L. 98-502).
44 The audits shall be conducted in accordance with generally accepted
45 governmental auditing standards and accordingly shall include tests of the

1 accounting records and other auditing procedures as may be considered
2 necessary in the circumstances. The audits shall include the issuance of
3 suitable reports as required by the single audit act of 1984 (P.L. 98-502)
4 so that the legislature, the federal government and others will be
5 informed as to the adequacy of financial statements of ~~the~~ THIS state in
6 compliance with generally accepted governmental accounting principles and
7 to determine whether this state has complied with laws and regulations
8 that may have a material effect on the financial statements and on major
9 federal assistance programs.

10 3. Perform procedural reviews for all state agencies at times
11 determined by the auditor general. These reviews may include evaluation
12 of administrative and accounting internal controls and reports on these
13 reviews.

14 4. Perform special research requests, special audits and related
15 assignments as designated by the committee and conduct performance audits,
16 special audits, special research requests and investigations of any state
17 agency, whether created by the constitution or otherwise, as may be
18 requested by the committee.

19 5. Annually on or before the fourth Monday of December, prepare a
20 written report to the governor and to the committee that contains a
21 summary of activities for the previous fiscal year.

22 6. In the tenth year and in each fifth year thereafter in which a
23 transportation excise tax is in effect in a county as provided in section
24 42-6106 or 42-6107, conduct a performance audit that:

25 (a) Reviews past expenditures and future planned expenditures of
26 the transportation excise revenues and determines the impact of the
27 expenditures in solving transportation problems within the county and, for
28 a transportation excise tax in effect in a county as provided in section
29 42-6107, determines whether the expenditures of the transportation excise
30 revenues comply with section 28-6392, subsection B.

31 (b) Reviews projects completed to date and projects to be completed
32 during the remaining years in which a transportation excise tax is in
33 effect. Within six months after each review period, the auditor general
34 shall present a report to the speaker of the house of representatives and
35 the president of the senate detailing findings and making recommendations.

36 (c) Reviews, determines, reports and makes recommendations to the
37 speaker of the house of representatives and the president of the senate
38 whether the distribution of ARIZONA highway user revenues complies with
39 title 28, chapter 18, article 2.

40 7. If requested by the committee, conduct performance audits of
41 counties and incorporated cities and towns receiving ARIZONA highway user
42 revenue fund monies pursuant to title 28, chapter 18, article 2 to
43 determine whether the monies are being spent as provided in section
44 28-6533, subsection B.

1 8. Perform special audits designated pursuant to law if the auditor
2 general determines that there are adequate monies appropriated for the
3 auditor general to complete the audit. If the auditor general determines
4 the appropriated monies are inadequate, the auditor general shall notify
5 the committee.

6 9. Establish a schoolwide audit team in the office of the auditor
7 general to conduct performance audits and monitor school districts **AND**
8 **CHARTER SCHOOLS** to determine the percentage of every dollar spent in the
9 classroom by the school district **OR CHARTER SCHOOL**. Each school district
10 **AND CHARTER SCHOOL** shall prominently post on its website home page a copy
11 of its profile pages that displays the percentage of every dollar spent in
12 the classroom by that school district **OR CHARTER SCHOOL** from the most
13 recent status report issued by the auditor general pursuant to this
14 paragraph. The performance audits shall determine whether school
15 districts **AND CHARTER SCHOOLS** that receive monies from the Arizona English
16 language learner fund established by section 15-756.04 and the statewide
17 compensatory instruction fund established by section 15-756.11 comply with
18 title 15, chapter 7, article 3.1. The auditor general shall determine,
19 through random selection, the school districts **AND CHARTER SCHOOLS** to be
20 audited each year, subject to review by the joint legislative audit
21 committee. A school district **OR CHARTER SCHOOL** that is subject to an
22 audit pursuant to this paragraph shall notify the auditor general in
23 writing whether the school district **OR CHARTER SCHOOL** agrees or disagrees
24 with the findings and recommendations of the audit and whether the school
25 district **OR CHARTER SCHOOL** will implement the findings and
26 recommendations, implement modifications to the findings and
27 recommendations or refuse to implement the findings and recommendations.
28 The school district **OR CHARTER SCHOOL** shall submit to the auditor general
29 a written status report on the implementation of the audit findings and
30 recommendations every six months for two years after an audit conducted
31 pursuant to this paragraph. The auditor general shall review the school
32 district's **OR CHARTER SCHOOL'S** progress toward implementing the findings
33 and recommendations of the audit every six months after ~~receipt of~~
34 **RECEIVING** the **SCHOOL** district's **OR CHARTER SCHOOL'S** status report for two
35 years. The auditor general may review a school district's **OR CHARTER**
36 **SCHOOL'S** progress beyond this two-year period for recommendations that
37 have not yet been implemented by the school district **OR CHARTER SCHOOL**.
38 The auditor general shall provide a status report of these reviews to the
39 joint legislative audit committee. The school district **OR CHARTER SCHOOL**
40 shall participate in any hearing scheduled during this review period by
41 the joint legislative audit committee or by any other legislative
42 committee designated by the joint legislative audit committee.

43 10. Annually review per diem compensation and reimbursement of
44 expenses for employees of this state and members of a state board,
45 commission, council or advisory committee by judgmentally selecting

1 samples and evaluating the propriety of per diem compensation and expense
2 reimbursements.

3 B. The auditor general may:

4 1. Subject to approval by the committee, adopt rules necessary to
5 administer the duties of the office.

6 2. Hire consultants to conduct the studies required by subsection
7 A, paragraphs 6 and 7 of this section.

8 C. If approved by the committee, the auditor general may charge a
9 reasonable fee for the cost of performing audits or providing accounting
10 services for auditing federal funds, special audits or special services
11 requested by political subdivisions of this state. Monies collected
12 pursuant to this subsection shall be deposited in the audit services
13 revolving fund.

14 D. The department of transportation, the board of supervisors of a
15 county that has approved a county transportation excise tax as provided in
16 section 42-6106 or 42-6107 and the governing bodies of counties, cities
17 and towns receiving ARIZONA highway user revenue fund monies shall
18 cooperate with and provide necessary information to the auditor general or
19 the auditor general's consultant.

20 E. The department of transportation shall reimburse the auditor
21 general as follows, and the auditor general shall deposit the reimbursed
22 monies in the audit services revolving fund:

23 1. For the cost of conducting the studies or hiring a consultant to
24 conduct the studies required by subsection A, paragraph 6, subdivisions
25 (a) and (b) of this section, from monies collected pursuant to a county
26 transportation excise tax levied pursuant to section 42-6106 or 42-6107.

27 2. For the cost of conducting the studies or hiring a consultant
28 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of
29 this section, from the Arizona highway user revenue fund.

30 Sec. 12. Section 41-1279.04, Arizona Revised Statutes, is amended
31 to read:

32 41-1279.04. Authority to examine records; violation;
33 classification

34 A. The auditor general or the auditor general's authorized
35 representatives, in ~~the performance of~~ PERFORMING THEIR official duties,
36 shall have access to, and authority to examine, any and all books,
37 accounts, reports, vouchers, correspondence files and other records, bank
38 accounts, criminal history record information as defined in section
39 41-1701, ~~money~~ MONIES and other property of any state agency, board,
40 commission, department, institution, program, advisory council or
41 committee or political subdivision of this state, whether created by the
42 constitution or otherwise, or such documents and property of a contractor
43 relating to a contract with this state pursuant to ~~the provisions of~~
44 section 35-214. ~~It is the duty of~~ Any officer or employee of any such
45 agency or political subdivision, having such records under the officer's

1 or employee's control, ~~to permit~~ SHALL ALLOW access to and examination of
2 the records on the request of the auditor general or the auditor general's
3 authorized representative.

4 B. For the purpose of complying with section 41-1279.03, subsection
5 A, paragraphs 4 and 9, the auditor general or the auditor general's
6 authorized representative, in ~~the performance of~~ PERFORMING official
7 duties, may attend executive sessions of the governing body of any state
8 agency, ~~or~~ school district OR CHARTER SCHOOL in this state.

9 C. For the purpose of auditing the department of revenue, the
10 auditor general and the auditor general's authorized representatives have
11 access to state tax returns, except that a report of the auditor general
12 shall not violate the confidentiality of state tax laws.

13 D. Any officer or person who knowingly fails or refuses to permit
14 such access and examination is guilty of a class 2 misdemeanor.

15 Sec. 13. Short title

16 This act may be cited as the "Charter School Transparency and
17 Accountability Act".